



2005 Montana Farm and Ranch Risk Management Account

MONTANA
FRM
10-05

Annual Reporting Information

15-30-601, MCA

See instructions on the back of this form

Your name (as shown on Form 2)

SSN (as shown on Form 2)

Account Information

Grantor name _____ FEIN or SSN _____

Trustee:

Name _____

Address _____

Account Number _____

Deposits

We consider deposits that you made for the specific year if you made them during that tax year or if you designate them for that specific tax year and made them within 3 1/2 months after the close of that tax year.

Date	Deposit	Date	Deposit
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total Deposits			_____

Deductions

1. Your net income that you attribute to agricultural business 1. _____
2. Enter 20% (.20) of line 1 2. _____
3. Enter the total amount of the deposits that you have made 3. _____
4. Enter the smaller of line 2 or line 3, but not more than \$20,000.
Enter this amount on Form 2A, Schedule II, line 21 4. _____

Distributions

Date	Total Amount	Taxable Amount	NonTaxable Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total Distributions	_____	_____	_____

When you file your Montana income tax return electronically, you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.

Instructions

An individual or a family farm corporation who has an eligible agricultural business may establish a Montana farm and ranch risk management account. The account enables them to exclude up to \$20,000 annually from their adjusted gross income, deposits that they made into this account.

To qualify for this deduction an eligible agricultural business has to be for the production of food, feed, and fiber commodities, livestock and poultry, bees, fruits and vegetables, sod, ornamental, nursery, and horticultural crops that are raised, grown, or produced for commercial purposes. Eligible agricultural business also means the raising of domestic animals and wildlife in domestication or a captive environment along with silviculture.

Account Information

- Grantor name and identification number: Provide the legal name and identification number of the grantor of the farm and ranch risk management trust that you created.
- Trustee: Provide the name and address of your trustee.
- Account number: Provide the account number assigned to the trust.

Deposits

- List all deposits and dates of each deposit that you made for the specific tax year.
- You can make your deposits during the tax year or within 3½ months after the close of the tax year.
- The trustee can not accept any deposits in excess of the allowable deduction.
- The assets of your trust have to be cash or obligations that adequately state interest and pay interest at least annually.
- The assets of your trust can not be commingled with other property unless they are in a common trust fund or common investment fund.

Deductions

- Net income that is attributed to agricultural business refers to the total net farm income that you reported on your Federal Schedule F or to the net farm rental income that you reported on your Federal Schedule 4835, or to the gain from the sale of draft, breeding, dairy or sporting livestock that you reported on your Federal Form 4797.
- If your deduction is for a family farm corporation, the amount of net income that you can attribute to agricultural business is allocated based on your distributive share of the income from the entity.
- No carryover provisions are allowed. Your deduction cannot be greater than 20% of your net income that is attributed to agricultural business.

Distributions

- Your deposits have to be distributed within five years.
- The deposits that you distributed within six months of the date of your deposit are income in the year that you took the associated deduction. You may need to file an amended return to report this distribution.
- The amounts that you do not distribute within your five-year period of eligibility are considered to have been distributed on the last day of the fifth year that the deposit is made. This distribution is taxable income and is assessed a penalty of 10% of the tax due on this amount.
- If at anytime within the five-year period you become disqualified because you are not engaged in an eligible agricultural business, the balance in the trust account is considered distributed and included in income.